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g|P ANNUAL REPORT

GENERAL PRODUCTS MFG. CORPORATION LIMITED

1970

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 1970		DECEMBER 31, 1969	
ASSETS				
Cash	\$	15,584	\$	17,584
Income taxes recoverable				284
Prepaid expenses and accrued income		14,597		9,018
Investments - at cost				
Term deposits	50,485		225,000	
Bonds - market value of \$719,328 in 1970 (1969 - \$244,275)	702,250		245,950	
Shares of companies having a quoted market value of \$1,678,261 (1969 - \$1,897,084)	1,813,154		1,762,695	
Shares of companies not having a quoted market value			239,200	
Shares of affiliated company — 395,390 common shares of Supertest Petroleum Corporation Lim- ited having a quoted market value of \$6,079,121 (1969 - \$2,767,730)	531,984		531,984	
Mortgages	23,077	3,120,950	28,807	3,033,636
Fixed assets - at cost				
Land	1,000		1,000	
Buildings	58,392		58,392	
Equipment	22,480		28,996	
	81,872		88,388	
Accumulated depreciation	67,864	14,008	68,650	19,738
		<u>\$3,165,139</u>		<u>\$3,080,260</u>
LIABILITIES				
Accounts payable and accrued charges	\$	7,253	\$	4,574
Shareholders' equity:				
Capital -				
Authorized:				
1,599,000 3% non-cumulative convertible first preference shares redeemable at the par value of 25 cents each; 1,000 3% non-cumulative second preference shares redeemable at the par value of 25 cents each; 125,000 Class "A" common shares of no par value; 25,000 Class "B" common shares of no par value				
Issued and fully paid:				
75,000 "A" common shares	18,750		18,750	
25,000 "B" common shares	6,250		6,250	
	25,000		25,000	
Consolidated retained earnings	3,132,886	3,157,886	3,050,686	3,075,686
		<u>\$3,165,139</u>		<u>\$3,080,260</u>

Signed on behalf of the Board

J. G. THOMPSON, *Director*
D. G. WALLACE, *Director*

GENERAL PRODUCTS MFG. CORPORATION LIMITED

Directors' Report

TO THE SHAREHOLDERS:

The statement of income for the year ended December 31, 1970 reflects a number of changes by reason of the phasing out, as indicated in last year's report, of the management arrangement entered into with Tube Investments Limited in 1967. Your Company's formal association and long-standing relationships with its former operating subsidiaries were thus brought to a conclusion late in the year.

Earnings before extraordinary items were \$68,299 in 1970 as compared to \$70,803 in 1969. The shareholders will be generally aware that security markets in North America reflected in 1970 the difficulties experienced in the economies of both Canada and the United States. Interest rates were at historically high levels and your Company's bond holdings were increased substantially in order to take advantage of these rates.

To accord with current accounting practice, a notation as to the market value of your Company's investment in the shares of its affiliated company has been made on the balance sheet. It is gratifying that at the year-end the market value of your Company's portfolio was in excess of \$8,500,000.

It is hoped that 1971 will see both the resolving of the uncertainties created by the White Paper proposals for tax reform and a recovery in business conditions leading to increased employment and a more robust economy. These should help to clarify the investment outlook and aid in continuing the considerable improvement in security prices evident thus far in 1971.

ON BEHALF OF THE BOARD OF DIRECTORS

J. G. THOMPSON,
Chairman

April, 1971

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31	1970	1969
Income		
Interest earned	\$ 60,172	\$ 37,394
Dividends received from affiliated company	20,000	20,000
- Others	<u>58,641</u>	<u>72,684</u>
Management fees and sundry income	33,422	136,000
Rental from properties	<u>18,060</u>	<u>22,249</u>
	190,295	288,327
<i>Revenue</i>		
Expenses		
Property expenses excluding depreciation	28,058	23,680
Depreciation expense	2,719	4,626
Remuneration of directors and senior officers	71,241	142,885
General office and administrative expenses	<u>26,482</u>	<u>51,904</u>
Earnings before taxes	61,795	65,232
Provision for recovery of income taxes	<u>6,504</u>	<u>5,571</u>
EARNINGS BEFORE EXTRAORDINARY ITEM ...	68,299	70,803
Extraordinary item:		
Gain on sale of investments	<u>13,901</u>	<u>600</u>
NET INCOME FOR THE YEAR	<u>\$ 82,200</u>	<u>\$ 71,403</u>
Earnings per Class "A" and Class "B" common share		
Before extraordinary item	<u>68.3¢</u>	<u>70.8¢</u>
After extraordinary item	<u>82.2¢</u>	<u>71.4¢</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31	1970	1969
Balance at January 1	\$3,050,686	\$2,979,283
Net income for the year	<u>82,200</u>	<u>71,403</u>
Balance at December 31	<u>\$3,132,886</u>	<u>\$3,050,686</u>

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31	1970	1969
Cash at January 1	\$ 17,584	\$ 23,341
Source of funds		
Net income for the year	82,200	71,403
Depreciation charged	2,719	4,626
Sale of fixed assets	3,011	5,256
Repayments of mortgages and special refundable tax	5,730	18,626
Decrease (increase) in income taxes recoverable	284	(4,589)
Increase (decrease) in accounts payable and accrued charges	2,679	(10,554)
	<u>\$114,207</u>	<u>\$108,109</u>
Application of funds		
Increase in investments	\$ 93,044	\$ 87,941
Increase in prepaid expenses and accrued income	5,579	2,584
	98,623	90,525
Cash at December 31	15,584	17,584
	<u>\$114,207</u>	<u>\$108,109</u>

AUDITORS' REPORT

To the Shareholders of
General Products Mfg. Corporation Limited

We have examined the consolidated balance sheet of General Products Mfg. Corporation Limited as at December 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada.
February 24, 1971.

CLARKSON, GORDON & CO.
Chartered Accountants.

GENERAL PRODUCTS MFG. CORPORATION LIMITED

HEAD OFFICE: 660 RICHMOND STREET, LONDON, CANADA

Directors

S. C. BACON
F. W. P. JONES
JOHN D. JUDGE
D. D. C. McGEACHY
R. W. ROBERTSON
J. H. STEVENS
J. A. TAYLOR
A. S. THOMPSON
JAMES G. THOMPSON
J. G. THOMPSON
D. G. WALLACE

Officers

Chairman of the Board and President

J. G. THOMPSON

Vice-Chairman

A. S. THOMPSON

Vice-Presidents

JAMES G. THOMPSON

D. D. C. McGEACHY

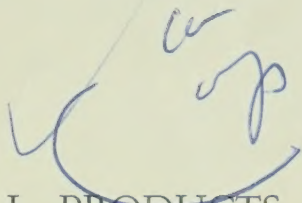
Vice-President and Secretary-Treasurer

D. G. WALLACE



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GENERAL PRODUCTS
MFG. CORPORATION LIMITED

INTERIM REPORT
TO THE SHAREHOLDERS

*Six Months
ended
June 30, 1970*

GENERAL PRODUCTS MFG. CORPORATION LIMITED

CONSOLIDATED STATEMENT OF EARNINGS

SIX MONTHS ENDED JUNE 30

	1970	1969
	\$	\$
INCOME:		
Interest earned	28,210	20,018
Dividends received from:		
Affiliated company	10,000	10,000
Others	28,190	31,801
Management fees and sundry income	20,500	70,026
Rental from properties	9,000	13,099
	<u>95,900</u>	<u>144,944</u>
EXPENSES:		
Property	16,736	13,782
Administrative	<u>52,732</u>	<u>98,248</u>
	69,468	112,030
Earnings before taxes	26,432	32,914
Provision for income taxes (refundable)	894	(1,600)
Earnings before extraordinary item	25,538	34,514
Gain on sale of investments	13,901	
Net earnings for the six months	<u>\$39,439</u>	<u>\$ 34,514</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SIX MONTHS ENDED JUNE 30

	1970	1969
Cash at January 1	\$17,584	\$23,341
SOURCE OF FUNDS:		
Net earnings for the period	39,439	34,514
Depreciation written	1,483	2,312
Sale of fixed assets	3,011	
Repayment of mortgages and special refundable tax	2,520	15,485
Increase in income taxes and accounts payable	2,805	
	<u>\$66,842</u>	<u>\$75,652</u>
APPLICATION OF FUNDS:		
Increase in investment portfolio	\$33,355	\$33,521
Reduction in income taxes and accounts payable		1,778
Sundry	6,056	2,683
	<u>39,411</u>	<u>37,982</u>
Cash at June 30	27,431	37,670
	<u>\$66,842</u>	<u>\$75,652</u>

(THESE STATEMENTS ARE UNAUDITED)